

# SPECIAL NOTICE

June 15, 2005

For further information contact:  
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1-800-647-7706 or (360) 705-6676

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## Direct Mail – Tax Deduction and Exemptions

Engrossed Substitute House Bill (ESHB) 2314 (Chapter 514, Laws of 2005), provides a business and occupation (B&O) tax deduction, and retail sales tax and use tax exemptions for delivery charges of direct mail **effective May 17, 2005**. This new law invalidates parts of the Department's administrative rules WAC 458-20-141 and WAC 458-20-17803, which were scheduled to take effect July 1, 2005.

### The Deduction and Exemptions

Charges for the **delivery of direct mail** may be excluded from the measure of the B&O tax, retail sales tax, and use tax, but **only if the charges are separately stated** on an invoice or similar billing document given to the purchaser. Please note that the deduction and exemptions only apply to property that qualifies as direct mail.

Delivery charges associated with the sales of other tangible personal property remain part of the selling price. Such charges are taxed in the same manner as the property delivered, even if the charges are billed separately. In other words, if the product sold is subject to retail sales tax, the associated delivery costs are also subject to sales tax.

### Definitions

"Direct mail" means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipients. Direct mail includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail seller for inclusion in the package containing the printed material. Direct mail does not include multiple items of printed material delivered to a single address.

"Delivery charges" means charges by the seller of tangible personal property or services for preparation and delivery to a location designated by the purchaser including, but not limited to, transportation, shipping, postage, handling, crating, and packing.

### For More Information

For additional information, contact our Telephone Information Center at 1-800-647-7706.

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